

DEPARTMENT OF HEALTH AND HUMAN SERVICES

**OFFICE OF
INSPECTOR GENERAL**

**Withholding Child Support Obligations from
Departmental Employees**



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EXECUTIVE SUMMARY

PURPOSE

To evaluate the wage withholding of child support from Department of Health and Human Services' (HHS) employees.

BACKGROUND

On February 27, 1995, the President signed Executive Order 12953, which requires Federal agencies to:

- conduct an annual cross-match of the Federal tax refund offset file with the payroll files of Federal agencies to identify Federal employees with child support delinquencies,
- comply with all wage withholding requirements, and
- act as model employers in facilitating the establishment and enforcement of child support orders.

FINDINGS

We Found Delinquent Obligor Without Wage Withholding Employed by the Department

The 1995 Executive Order 12953 requires an annual match of the Federal tax refund offset file, indicating delinquent obligors, with the payroll files of Federal agencies. The intent of this match is to identify Federal employees with child support delinquencies to ensure enforcement of their support obligations. The Department last conducted an annual match in 1996.

We conducted a match of the Federal tax refund offset file and the Department of Health and Human Services' payroll file. This match resulted in a list of 215 delinquent employee-obligors, with an average delinquency of \$7,295. As of May 30, 2000, wage withholding was in place for 139 and not in place for 76 of these delinquent employee-obligors.

The Program Support Center, an operating division of HHS, conducts payroll services for the Department's approximately 60,000 employees, including payroll deductions for child support payments. During the course of the inspection, the Office of Child Support Enforcement and the Program Support Center agreed to work together to periodically

conduct the cross-match to identify departmental employees who are delinquent child support obligors.

In More Than Half the Sampled Cases, States Did Not Know That Delinquent Obligor Were Departmental Employees

State systems typically match obligor information with State employment databases containing new hire and quarterly wage information from employers statewide. The National Directory of New Hires is the primary source for learning of Federal employment because Federal employees are not included in State employment systems.

The Office of Child Support Enforcement assumes that States will learn from the National Directory of New Hires that an obligor is a Federal employee and act accordingly to pursue wage withholding. However, our examination of the case files for a sample of 45 of the 76 employee-obligors, without withholding in place, revealed that in approximately 22 cases the States did not learn that these obligors were departmental employees. The States either did not receive matches or did not determine from the matches that the obligor was, in fact, a Federal departmental employee. Upon learning of the obligors' employment with the Department through our inspection, most of the States immediately issued wage withholding orders to HHS for these cases.

More than Half of the Individuals Without Wage Withholding Were Indian Health Service Employees

We found that 44 of the 76 delinquent employee-obligors without wage withholding were Indian Health Service employees. In 19 of 45 sampled cases, tribal jurisdiction issues contributed to the absence of income withholding. The Department has the authority to withhold wages for all Federal employees for the payment of child support, regardless of Native American tribal membership or residency, or employment on a reservation. Caseworkers often do not know that Native American obligors are Federal employees or that enforcement should be pursued for Indian Health Service cases. State enforcement policies involving Tribal jurisdiction are varied and complex. Many State caseworkers do not pursue these cases.

The Department Enters All Income Withholding Orders Received; However, Some Data Entry Errors Occur

The Program Support Center process for entering income withholding orders appears to be orderly and timely. Through a review of 51 cases with withholding in place, we found that the majority were entered into the system within 10 days of order receipt. State records indicated that income withholding orders were sent to the Department in 8 of the 45 sampled cases that did not have withholding in place. However, the Program Support Center was not responsible for the lack of withholding in these eight cases. In four cases,

the States sent wage withholding orders to the wrong HHS office. The other cases were inactive because current support had been paid in full.

We found data entry errors in the amounts to be withheld and recipient addresses in some cases. In 8 out of 49 cases (16 percent) reviewed with withholding in place, the amounts to be withheld on the entry forms differed from the required amounts on the court orders. Entry forms with errors were rarely signed by a supervisor.

RECOMMENDATIONS

While conducting our inspection, OCSE worked closely with us to solve problems associated with the 76 departmental employees without wage withholding. In addition, OCSE is an active and cooperative partner with the Department in responding to our recommendation to institutionalize a process to ensure Departmental compliance with the Executive Order. Additional steps are also needed, however. We recommend:

- The Department designate a senior departmental official the responsibility for ensuring compliance with the Executive Order,
- The Office of Child Support Enforcement help States effectively use the National Directory of New Hires,
- The Office of Child Support Enforcement provide guidance to States on issuing withholding orders for Indian Health Service employees, and
- The Program Support Center increase withholding accuracy.

AGENCY COMMENTS

We received comments from the Office of Child Support Enforcement (OCSE), the Program Support Center (PSC) and the Indian Health Service (IHS). The OCSE is in agreement with our findings and recommendations. The PSC agrees this is an important initiative and provided technical comments and clarification. The IHS agrees with our recommendation pertaining to IHS employees. Where appropriate, we changed the report to reflect their comments. The full OCSE, PSC and IHS comments are contained in Appendix C.

One matter unresolved at this time is the designation of a senior official to oversee Departmental compliance with the Executive Order. Considerable improvement can be made without taking this step, but an overall coordinator could facilitate a more cohesive and effective Department-wide response.